

Mansfield Township
REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)
Year ended March 31, 2008

Mansfield Township

List of Elected Officials

Supervisor:	Richard Dryjanski
Clerk:	Pamela Boussum
Treasurer:	Patricia Dishaw
Trustee:	Pamela Minerick
Trustee:	Deborah Strelecki

Mansfield Township

Table of Contents

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets.....	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds.....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	16
Statement of Fiduciary Assets and Liabilities	17
Notes to the Financial Statements	18-25
Required Supplemental Information	
Budgetary Comparison Schedule—General Fund	26
Budgetary Comparison Schedule—Fire Fund	27



239 N. Jebavy Drive
Ludington, MI 49431
LakeMichiganCPA.com
(231) 690-5217

Sarah L. Kanitz
Certified Public Accountant
skanitz@lakemichigancpa.com

INDEPENDENT AUDITOR'S REPORT

July 31, 2008

Township Board
Mansfield Township
Crystal Falls, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mansfield Township, as of and for the year ended March 31, 2008, which collectively comprise Mansfield Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Mansfield Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mansfield Township, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 26 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Lake Michigan CPA Services, PLLC
Ludington, Michigan

MANSFIELD TOWNSHIP

IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

Using this Annual Report

As management of Mansfield Township, we offer readers of Mansfield Township's financial statements, this narrative overview and analysis of financial activities for the year ended March 31, 2008. The Township is presenting this analysis along with the financial statements in a format prescribed by the provisions of the Governmental Accounting Standards Board Statement 34 (GASB 34). The annual report consists of a series of financial statements, including the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements are also included, which tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Financial Highlights

The Township's governmental activities showed an improvement over the prior year, as the Township's revenues exceeded expenses by \$5,133 in the government-wide financial statements.

The fund balance of the Township's General Fund decreased by \$19,802, which was due mostly to capital outlays of \$4,273 and transfers out to the capital improvement fund of \$15,000. During the 2008 fiscal year, General Fund expenditures totaled \$92,377 and transfers out were \$15,000, which in total exceeded revenues of \$87,575.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

MANSFIELD TOWNSHIP
IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

Government-Wide Financial Statements

The government-wide financial statements are designed to give a view of the entity as a whole. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities and charges.

The Statement of Net Assets is the Township-wide statement of financial position presenting information that includes all of the Township's assets and liabilities, with the difference reported as net assets. Over time, changes in net assets may serve as a useful indicator of the financial health of the Township and whether the financial condition is improving or deteriorating.

The Statement of Activities reports how the Township's net assets changed during the current fiscal year. All current year revenues and expenses are included when the event giving rise to the change occurs, regardless of the timing of when cash is received or paid. The Statement of Activities is designed to help show the financial reliance of the Township's distinct activities or functions on revenues provided by the Township's taxpayers and intergovernmental revenues.

Fund Financial Statements.

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with related laws and regulations. Within the basic financial statements, the fund financial statements focus on the Township's most significant funds, rather than the Township as whole. Major funds are separately reported while all others are combined into an aggregated presentation. Mansfield Township has several governmental funds and no business-type funds. The Township's major funds are the General Fund, the Road Fund, and the Capital Improvement Fund. The nonmajor fund is the Liquor Law Enforcement Fund.

MANSFIELD TOWNSHIP
IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

The Township has two types of funds as noted below:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Township's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year. Governmental funds are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

The government-wide financial statements focus on the long-term view, while the fund statements focus on a shorter view. Therefore, comparisons of the two may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances include a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparisons for the General Fund and the Road are found at the end of this report. These schedules demonstrate compliance with the Township's adopted and final revised budget.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide financial reporting, as they are used to account for resources held for the benefit of parties other than the Township. Fiduciary fund financial statements report resources that are not available to fund Township programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the Financial Statements.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin immediately following the basic financial statements.

MANSFIELD TOWNSHIP
IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

Net assets of the Township may be used as an indicator of a government's overall financial position. As of March 31, 2008, the Township's net assets from governmental activities totaled \$212,901, which was an increase over the net assets of \$207,768 at March 31, 2007.

Net assets of the Township include net assets which are invested in capital assets (i.e., buildings, land, equipment, etc.). These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Net assets invested in capital assets totaled \$41,530 at March 31, 2008 and \$39,739 at March 31, 2007. The Township did not have any debt outstanding at March 31, 2008 or 2007. The unrestricted net assets for governmental-type activities at March 31, 2008 depict a fund balance of \$171,371. At March 31, 2007, this total was \$168,029. The unrestricted fund balance represents the amount of discretionary resources that can be used for general governmental operations.

The following table presents a summary of the government-wide statement of net assets:

Summary of Net Assets
March 31, 2008 and 2007

GOVERNMENTAL ACTIVITIES

	March 31, 2008	March 31, 2007	Increase/ (Decrease)
Current assets	\$ 171,371	\$ 168,029	\$ 3,342
Noncurrent assets	41,530	39,739	1,791
Total Assets	<u>212,901</u>	<u>207,768</u>	<u>5,133</u>
Net Assets			
Invested in Capital Assets	41,530	39,739	1,791
Unrestricted	171,371	168,029	3,342
Total Net Assets	<u>\$ 212,901</u>	<u>\$ 207,768</u>	<u>\$ 5,133</u>

MANSFIELD TOWNSHIP
IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

The change in governmental activities' net assets showed an increase of \$5,133 during 2008. This was due to an increase in revenues over the prior year and a decrease in expenditures. Operating revenues of \$432 combined with non-operating revenues of \$129,533 exceeded expenses. The following table summarizes the governmental statement of activities for the years ended March 31, 2008 and 2007:

Summary of Statement of Activities - Governmental Funds
For the Years Ended March 31, 2008 and 2007

Revenues	<u>03/31/08</u>	<u>03/31/07</u>
Program Revenues		
Charges for Services	\$ 432	\$ -
General Revenues		
Property Taxes	71,753	76,219
Other Taxes	23,878	23,000
Grant and Contributions not restricted	18,747	20,174
Unrestricted Investment Earnings	3,651	2,857
Miscellaneous	11,504	35,022
Total Revenue	<u>129,965</u>	<u>157,272</u>
Expenses		
General Government	59,492	68,384
Public Safety	8,220	8,548
Public Works	49,938	59,215
Community and Economic Development	1,845	1,730
Culture and Recreation	5,337	6,531
Total Expenses	<u>124,832</u>	<u>144,408</u>
Increase in Net Assets	5,133	12,864
Net Assets, April 1, 2007 and 2006	<u>207,768</u>	<u>194,904</u>
Net Assets at March 31, 2008 and 2007	<u>\$ 212,901</u>	<u>\$ 207,768</u>

MANSFIELD TOWNSHIP
IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

Fund Financial Analysis

As noted above, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming requirements. Mansfield has several governmental funds, including the General Fund, the Road Fund, a Capital Improvement Fund, and one nonmajor special revenue fund.

The General Fund reported an ending fund balance of \$95,351. All of this fund balance is unreserved for continuing Township service requirements. This is slightly below last year's General Fund ending fund balance of \$115,153, all of which was unreserved and unrestricted. The fund balance of the General Fund declined \$19,802 over the prior year. This was due to capital outlays and a transfer out to the Capital Improvement Fund.

In the Road Fund, the total fund balance of \$54,329 at March 31, 2008 was unreserved. During fiscal year 2008 the fund balance of the Road Fund increased by \$7,851, due to less costly road improvements.

The Capital Improvement Fund reflected a fund balance of \$21,217 which is reserved for future capital projects. The fund balance rose \$15,231 over the prior year, due mainly to a transfer of \$15,000 from the General Fund.

The fund balance of the other governmental fund at March 31, 2008 was \$474, which is comparable to the prior year fund balance of \$412.

General Fund Budgetary Highlights

The originally adopted General Fund budget for the March 31, 2008 fiscal year showed planned revenue of \$70,500 and expenditures of \$120,137. The excess of expenditures over revenues was to be covered by the Township's fund balance. The township board approved several small budget amendments for expenditures during the 2008 fiscal year, decreasing total expenditures by \$100.

MANSFIELD TOWNSHIP

IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

Road Fund Budgetary Highlights

The Road Fund's original budget included \$34,100 of planned revenues and \$35,000 of expenditures. No budget amendments were approved by the Township during the 2008 fiscal year.

Capital Assets

The Township's total investment in capital assets as of March 31, 2008 was \$41,530. The investment in capital assets includes land, buildings and improvements, furniture and fixtures, and equipment. Current year capital asset additions included remodeling to the basement at one of the town halls and a new computer and assessing software for the Township assessor.

The following table depicts the composition of capital assets of the Township as of March 31, 2008 and 2007:

Capital Assets
March 31, 2008 and 2007

Governmental activities

Nondepreciable	03/31/08	03/31/07
Land	\$ 88	\$ 88
Depreciable		
Buildings and improvements	150,971	149,428
Furniture & fixtures	2,610	2,610
Equipment	37,129	34,399
Total depreciable assets	190,710	186,437
Total capital assets	190,798	186,525
Less: Accumulated Depreciation	(149,268)	(146,786)
Governmental capital assets, net of accumulated depreciation	\$ 41,530	\$ 39,739

MANSFIELD TOWNSHIP
IRON COUNTY, MICHIGAN

Management's Discussion and Analysis

Long-term debt

Mansfield Township had no outstanding debt at March 31, 2008 or March 31, 2007.

General Economic Overview

Mansfield Township plans to maintain its financial stability over the course of the next fiscal year.

The two main sources of revenue for the Township are property taxes and state shared revenue, both of which are expected to remain at about the same level or slightly below what was experienced in the current fiscal year. Expenditures are planned to remain consistent with the 2008 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Mansfield Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mansfield Township, 942 Way Dam Road, Crystal Falls, Michigan 49920 or (906) 875-3127.

Mansfield Township

Statement of Net Assets

March 31, 2008

ASSETS

	Governmental activities
CURRENT ASSETS	
Cash and investments	\$ 160,947
Receivables	3,189
Due from other governmental units	2,611
Internal balances	4,624
Total current assets	171,371
NONCURRENT ASSETS	
Capital assets, net	
Nondepreciable	88
Depreciable	41,442
Total noncurrent assets	41,530
Total assets	\$ 212,901

NET ASSETS

NET ASSETS	
Invested in capital assets, net of related debt	41,530
Unrestricted	171,371
Total net assets	\$ 212,901

The accompanying notes are an integral part of this statement.

Mansfield Township
Statement of Activities
For the year ended March 31, 2008

		<u>Program Revenue</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions/Programs		Charges	Governmental
Governmental activities:	<u>Expenses</u>	<u>for services</u>	<u>activities</u>
General government	\$ 59,492	\$ 432	\$ (59,060)
Public safety	8,220	-	(8,220)
Public works	49,938	-	(49,938)
Community and economic development	1,845	-	(1,845)
Culture and recreation	5,337	-	(5,337)
Total government	<u>\$ 124,832</u>	<u>\$ 432</u>	<u>(124,400)</u>
General revenues			
Property taxes, levied for general purposes			32,385
Property taxes, levied for specific purposes			39,368
Other taxes, for general purposes			23,878
Grants and contributions not restricted to specific programs			18,747
Unrestricted investment earnings			3,651
Miscellaneous			11,504
Total general revenues			<u>129,533</u>
Change in net assets			5,133
Net assets at April 1, 2007			<u>207,768</u>
Net assets at March 31, 2008			<u>\$ 212,901</u>

The accompanying notes are an integral part of this statement.

Mansfield Township
Balance Sheet
Governmental Funds
March 31, 2008

	General Fund	Road Fund	Capital Improvement Fund	Other governmental fund	Total governmental funds
ASSETS					
Cash and investments	\$ 89,833	\$ 49,423	\$ 21,217	\$ 474	\$ 160,947
Taxes receivable	1,164	2,025	-	-	3,189
Due from other funds	1,743	2,881	-	-	4,624
Due from other governmental units	2,611	-	-	-	2,611
Total assets	<u>\$ 95,351</u>	<u>\$ 54,329</u>	<u>\$ 21,217</u>	<u>\$ 474</u>	<u>\$ 171,371</u>

FUND BALANCES

Reserved for:

Capital improvements	-	-	21,217	-	21,217
Unreserved	95,351	54,329	-	474	150,154
Total fund balances	<u>\$ 95,351</u>	<u>\$ 54,329</u>	<u>\$ 21,217</u>	<u>\$ 474</u>	<u>\$ 171,371</u>

The accompanying notes are an integral part of this statement.

Mansfield Township
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
March 31, 2008

Total fund balance—governmental funds	\$ 171,371
---------------------------------------	------------

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the
governmental funds.

Cost of capital assets	\$ 190,798	
Accumulated depreciation	<u>(149,268)</u>	41,530

Net assets of governmental activities in the Statement of Net Assets	\$ <u><u>212,901</u></u>
--	--------------------------

The accompanying notes are an integral part of this statement.

Manfield Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2008

	General Fund	Road Fund	Capital Improvement Fund	Other governmental fund	Total governmental funds
REVENUES					
Taxes					
Property	\$ 32,385	\$ 39,368	\$ -	\$ -	\$ 71,753
Other taxes	23,878	-	-	-	23,878
Intergovernmental revenues - state	16,615	2,132	-	-	18,747
Charges for services	432	-	-	-	432
Licenses and permits	4,329	-	-	-	4,329
Investment earnings	3,146	274	231	-	3,651
Other	6,790	-	-	385	7,175
Total revenues	<u>87,575</u>	<u>41,774</u>	<u>231</u>	<u>385</u>	<u>129,965</u>
EXPENDITURES					
Current:					
General government	59,289	-	-	-	59,289
Public safety	7,897	-	-	323	8,220
Public works	13,811	33,923	-	-	47,734
Community and economic development	1,845	-	-	-	1,845
Culture and recreation	5,262	-	-	-	5,262
Capital outlay	4,273	-	-	-	4,273
Total expenditures	<u>92,377</u>	<u>33,923</u>	<u>-</u>	<u>323</u>	<u>126,623</u>
Excess of revenues over expenditures	<u>(4,802)</u>	<u>7,851</u>	<u>231</u>	<u>62</u>	<u>3,342</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	15,000	-	15,000
Transfers out	(15,000)	-	-	-	(15,000)
	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(19,802)	7,851	15,231	62	3,342
Fund balance at April 1, 2007	<u>115,153</u>	<u>46,478</u>	<u>5,986</u>	<u>412</u>	<u>168,029</u>
Fund balance at March 31, 2008	<u>\$ 95,351</u>	<u>\$ 54,329</u>	<u>\$ 21,217</u>	<u>\$ 474</u>	<u>\$ 171,371</u>

The accompanying notes are an integral part of this statement.

Mansfield Township

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the governmental funds to the Statement of Activities

For the year ended March 31, 2008

Net changes in fund balances - total governmental funds	\$ 3,342
---	----------

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report outlays for capital assets as expenditures.
However, in the Statement of Activities, the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Depreciation expense	(2,482)
Capital outlay	4,273

Change in net assets of governmental activities	\$ <u>5,133</u>
---	-----------------

The accompanying notes are an integral part of this statement.

Manfield Township
Statement of Fiduciary Assets and Liabilities
Agency Fund
For the year ended March 31, 2008

	Tax Collection Fund
ASSETS	
Cash and investments	\$ <u>28,767</u>
LIABILITIES	
Due to other funds	\$ 4,624
Due to others	<u>24,143</u>
	\$ <u>28,767</u>

The accompanying notes are an integral part of this statement.

Mansfield Township
Notes to the Financial Statements
March 31, 2008

I. Summary of significant accounting policies

The accounting policies of Mansfield Township have been adopted to conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by Mansfield Township.

A. Reporting entity

Mansfield Township is a general law township located in Iron County, which operates under the direction of a five member elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

Mansfield Township
Notes to the Financial Statements
March 31, 2008

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property and other taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Mansfield Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund accounts for property taxes levied for road maintenance and road improvement expenses.

The Capital Improvement Fund is used to accumulate funds for future capital improvements.

Additionally, the township reports the following fund type:

The tax collection agency fund accounts for all of the tax collection payments and disbursements to Mansfield Township and other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent

Mansfield Township
Notes to the Financial Statements
March 31, 2008

that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund payables and receivables between the tax collection fund and other funds due to a transfer of funds subsequent to year-end and other charges between the government's sewer function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, liabilities and net assets or equity

1. Deposits and investments

The township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds. All investments are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Mansfield Township
Notes to the Financial Statements
March 31, 2008

All trade and property tax receivables are shown net of allowance for uncollectibles. The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Property taxes are levied on December 1 on the taxable valuation of real and personal property (as defined by state statutes) located in the Township as of the preceding December 31. Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 state taxable value for property within the Township totaled approximately \$19,025,976. The property tax levied consisted of 1.1242 mills for the Township's operating purposes and 1.9553 for road maintenance and improvements. Property tax revenue is recorded in the Township's General Fund and Road Fund. The extra-voted millage above 1 mill was approved by the electorate of the County of Iron as an allocation of the 15 mills provided by the State Constitution.

3. Capital assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major capital outlays for assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Equipment, furniture and fixtures	5-20

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Mansfield Township
Notes to the Financial Statements
March 31, 2008

5. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The township supervisor works with the clerk and treasurer to prepare the budget and submit it to the Township Board prior to March 31. The operating budget includes proposed expenditures and the means of financing them. A public hearing is held at the Township Hall to obtain taxpayer comments. Prior to the end of the fiscal year, the Township Board enacts the budget through a resolution. The budget is amended throughout the year, when required to provide for additional revenues and expenditures.

The appropriated budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level. The Township Board made a few insignificant budgetary appropriations throughout the year.

III. Detailed notes on all funds

A. Deposits and investments

As of March 31, 2008, the township had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average</u>			<u>Percent</u>
		<u>Maturity (Months)</u>	<u>Moody's</u>		
Negotiable certificates of deposit	\$55,586	6 months	Not rated		100%

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Mansfield Township
Notes to the Financial Statements
March 31, 2008

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The Township's investment policy does not further limit its investment options.

Concentration of Credit Risk

The Township Board places no limit on the amount that the Township may invest in any one issuer.

Custodial Credit Risk

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require, and the Township does not have, a deposit policy for custodial credit risk. As of March 31, 2008, \$100,000 of the Township's governmental funds' deposits and investments were covered by federal depository insurance, and \$60,947 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Foreign currency risk

The Township is not authorized to invest in securities which have this type of risk.

B. Receivables

The Township's due from other governmental units consisted of a State of Michigan shared revenue payment of \$2,611. Taxes receivable at March 31, 2008 totaled \$3,189.

Mansfield Township
Notes to the Financial Statements
March 31, 2008

C. Capital assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 88	\$ -	\$ -	\$ 88
Capital assets, being depreciated				
Buildings and improvements	\$ 149,428	\$ 1,543	\$ -	\$ 150,971
Furniture and fixtures	2,610	-	-	2,610
Equipment	34,399	2,730	-	37,129
Total capital assets, being depreciated	186,437	4,273	-	190,710
Less: accumulated depreciation	146,786	2,482	-	149,268
Net capital assets, being depreciated	39,651	1,791	-	41,442
Total governmental capital assets, net	\$ 39,739	\$ 1,791	\$ -	\$ 41,530

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 2,407
Culture and recreation	75
Total depreciation expense	<u>\$ 2,482</u>

D. Interfund receivables, payables, and transfers

The Township's interfund receivables and payables at March 31, 2008 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Collection Fund	\$ 1,743
Road Fund	Tax Collection Fund	<u>2,881</u>
		<u>\$ 4,624</u>

The outstanding balances between the funds result mainly from the time lag between the dates that the tax collection fund received the county settlement and the dates disbursed to the township from the tax collection fund.

Mansfield Township
Notes to the Financial Statements
March 31, 2008

Interfund transfers during the 2008 fiscal year consisted of the following for operating purposes:

<u>Fund Transferring Out</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Capital Improvement	<u>\$ 15,000</u>

E. Other information

1. Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

2. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

F. Economic dependency

The Township relies on the State of Michigan Shared Revenue program to fund a portion of its current governmental operations. For the year ended March 31, 2008, the state shared revenue was approximately 13% of total governmental revenue.

Required supplementary information

Mansfield Township
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the year ended March 31, 2008

	Budgeted Amounts			Variance with final budget- positive (negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 21,900	\$ 21,900	\$ 32,385	\$ 10,485
Other taxes	-	-	23,878	23,878
Intergovernmental revenues - state	39,800	39,800	16,615	(23,185)
Charges for services	-	-	432	432
Licenses and permits	2,800	2,800	4,329	1,529
Investment earnings	2,500	2,500	3,146	646
Other	3,500	3,500	6,790	3,290
Total revenues	70,500	70,500	87,575	17,075
EXPENDITURES				
Current				
General government				
Township board	26,210	25,970	18,678	7,292
Supervisor	3,902	3,902	3,852	50
Clerk	8,060	8,060	7,468	592
Treasurer	9,170	9,170	8,854	316
Assessor	7,300	8,390	7,956	434
Townhall	8,650	8,650	6,508	2,142
Board of review	755	755	622	133
Elections	4,075	4,075	3,147	928
Cemetery	2,250	2,250	2,204	46
Public safety	8,500	7,900	7,897	3
Public works				
Roads and street lights	1,000	1,000	805	195
Sanitation	13,300	14,990	13,006	1,984
Community and economic development	5,850	3,950	1,845	2,105
Health and welfare	100	100	-	100
Culture and recreation	7,550	7,410	5,262	2,148
Capital outlay	13,465	13,465	4,273	9,192
Total expenditures	120,137	120,037	92,377	27,660
Excess of revenues over expenditures	(49,637)	(49,537)	(4,802)	44,735
OTHER FINANCING SOURCES				
Transfers out	-	-	(15,000)	(15,000)
Net change in fund balance	\$ (49,637)	\$ (49,537)	(19,802)	\$ 29,735
Fund balance at April 1, 2007			115,153	
Fund balance at March 31, 2008			\$ 95,351	

Mansfield Township
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
For the year ended March 31, 2008

	Budgeted Amounts			Variance with final budget- positive (negative)
REVENUES	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property taxes	\$ 34,000	\$ 34,000	\$ 39,368	\$ 5,368
Intergovernmental revenues				
State	-	-	2,132	2,132
Investment earnings	100	100	274	174
Total revenues	<u>34,100</u>	<u>34,100</u>	<u>41,774</u>	<u>7,674</u>
EXPENDITURES				
Current				
Public Works				
Roads	<u>35,000</u>	<u>35,000</u>	<u>33,923</u>	<u>1,077</u>
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>33,923</u>	<u>1,077</u>
Net change in fund balance	\$ <u>(900)</u>	\$ <u>(900)</u>	7,851	\$ <u>2,154</u>
Fund balance at April 1, 2007			<u>46,478</u>	
Fund balance at March 31, 2008			<u>\$ 54,329</u>	



239 N. Jebavy Drive
Ludington, MI 49431
LakeMichiganCPA.com
(231) 690-5217

Sarah L. Kanitz
Certified Public Accountant
skanitz@lakemichigancpa.com

July 31, 2008

Township Board
Mansfield Township
Crystal Falls, Michigan

I have audited the financial statements of the governmental activities of Mansfield Township for the year ended March 31, 2008, and have issued my report thereon dated July 31, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated May 25, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mansfield Township are described in Note I to the financial statements. No new accounting policies have been adopted and the application of existing policies was not changed during the 2008 fiscal year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated July 31, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To my knowledge, there are no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses are not a condition to my retention.

This information is intended solely for the use of the Township Board and management of Mansfield Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Lake Michigan CPA Services, PLLC

July 31, 2008

Ludington, Michigan